

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Person To Contact:

, ID No.

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Refer Reply To:

CC: INTL – PLR-104800-06

Date: August 31, 2006

Taxpayer =

Entity 1 =

Country A =

Branch of Entity 1 =

Entity 2 =

Country B =

Entity 3 =

Country C =

Year 1 =

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Year 2 =

Year 3 =

Year 4 =

Year 5 =

aa =

bb =

cc =

dd =

ee =

ff =

gg =

hh =

ii =

ljj =

k =

ll =

mm =

CPA Firm =

Dear

This is in response to a letter dated January 10, 2006, requesting an extension of time under Treas. Reg. § 301.9100-3 to file elections under Treas. Reg. § 1.1503-2(g)(2)(i)

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or Treas. Reg. § 1.1503-2T(g)(2)(i), as applicable, with respect to dual consolidated losses attributable to the interests in Branch of Entity 1 and Entities 2 and 3. Additional information was submitted in a letter dated May 9, 2006, and a letter dated August 9, 2006. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the factual information, representations, and other data may be required as a part of the audit process.

During Years 1 through 5, Taxpayer engaged CPA Firm to prepare its federal corporate tax returns. Taxpayer used the losses of the dual consolidated loss subsidiaries to offset the income of the U.S. consolidated group for U.S. tax purposes. None of the applicable elections required by Treas. Reg. § 1.1503-2(g)(2) were made with respect to these losses. CPA Firm never advised Taxpayer to make the required elections with respect to losses incurred by Branch of Entity 1 or Entities 2 and 3 in Years 1 through 5.

Entity 1 is a Country A limited company. Entity 1 has filed an election under Treas. Reg. § 301.7701-3 to be treated as a disregarded entity and is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4).

Branch of Entity 1 is a Country A branch of Entity 1 and a separate unit as defined in Treas. Reg. § 1.1503-2(c)(3). Dual consolidated losses of Amounts aa for Year 1, bb for Year 2, cc for Year 3, dd for Year 4, and ee for Year 5, are attributable to the interest in Branch of Entity 1.

Entity 2 is a Country B branch of Taxpayer and a separate unit as defined in Treas. Reg. § 1.1503-2(c)(3). Dual consolidated losses of Amounts ff for Year 1, gg for Year 4 and hh for Year 5, were incurred by Entity 2.

Entity 3 is a Country C branch of Taxpayer and a separate unit as defined in Treas. Reg. § 1.1503-2(c)(3). Dual consolidated losses of Amounts ii for Year 1, jj for Year 2, kk for Year 3, ll for Year 4, and mm for Year 5, were incurred by Entity 3.

All losses incurred by Entity 1 for Years 1 through 5 were attributable to Branch of Entity 1.

All of the income of Entity 1 for Years 1 through 5 was attributable to Branch of Entity 1 operations.

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Treas. Reg. § 301.9100 -1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. § 301.9100-3, to make a regulatory election under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

In the present situation, the filings described in Treas. Reg. § 1.1503-2(g)(2) are regulatory elections as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the rules set forth in Treas. Reg. § 301.9100-3(a).

Based on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the elections under Treas. Reg. § 1.1503-2(g)(2)(i) or Treas. Reg. § 1.1503-2T(g)(2)(i) for the dual consolidated losses described in this letter attributable to Branch of Entity 1 and Entities 2 and 3 for Years 1 through 5.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the election agreement. Treas. Reg. § 301.9100-1(a).

A copy of this ruling letter should be associated with the election agreements that are the subject of this ruling.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent. No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

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Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to Taxpayer's authorized representative.

Sincerely,

Philip L. Garlett
Special Counsel
Office of Associate Chief Counsel (International)

Enclosure:
Copy for 6110 purposes